

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 2, 2015

GA2014-16

Jimmie Cho, Senior Vice President
Gas Operations and System Integrity
Sempra Energy Utilities
555 W 5th Street, GT21C3
Los Angeles, CA 90013

SUBJECT: General Order 112-E Comprehensive Inspection of Sempra Energy Utilities (Sempra)
Operation, Maintenance and Emergency Procedures

Dear Mr. Cho:

The Safety and Enforcement Division (SED) of the California Public Utilities Commission conducted a Comprehensive General Order (G.O.) 112-E inspection of Sempra's Operation, Maintenance and Emergency (OM&E) Procedures for the Southern California Gas Company (SCG) and San Diego Gas and Electric Company on January 17 and 21-24, 2014. SED staff reviewed both companies' written OM&E procedures pursuant to G.O. 112-E, Reference Title 49, Code of Federal Regulations (49 CFR), Parts 191 and 192. Violation of G.O. 112-E and recommendations/concerns identified during the inspection are itemized with in the Sempra Operation, Maintenance and Emergency Procedures – Summary of Inspection Findings (Summary).

Please provide a written response within 30 days of receipt of this letter indicating the measures taken by Sempra to mitigate and prevent recurrence of the non-compliance and recommendation/concerns noted in the Summary. For any corrections not completed by the date of your response, please provide specific dates by which these corrections are expected to be completed. Pursuant to Commission Resolution ALJ-274, SED staff has the authority to issue citations for each violation discussed during the inspection. SED will notify Sempra of the enforcement action it plans to take after it reviews Sempra's inspection response. If you have any questions, please call Mahmoud Intably at (213) 576-7016.

Sincerely,

A handwritten signature in blue ink that reads "Kenneth A. Bruno".

Kenneth Bruno,
Program Manager - GSRB
Safety and Enforcement Division

Sempra Operation, Maintenance and Emergency Procedures
Summary of Inspection Findings
January 17, 21-24, 2014

Violations

49 CFR, Part 192.505 Strength test requirements for steel pipeline to operate at a hoop stress of 30 percent or more of SMYS:

- (a) *“Except for service lines, each segment of a steel pipeline that is to operate at a hoop stress of 30 percent or more of SMYS must be strength tested in accordance with this section to substantiate the proposed maximum allowable operating pressure. In addition, in a Class 1 or Class 2 location, if there is a building intended for human occupancy within 300 feet (91 meters) of a pipeline, a hydrostatic test must be conducted to a test pressure of at least 125 percent of maximum operating pressure on that segment of the pipeline within 300 feet (91 meters) of such a building, but in no event may the test section be less than 600 feet (183 meters) unless the length of the newly installed or relocated pipe is less than 600 feet (183 meters). However, if the buildings are evacuated while the hoop stress exceeds 50 percent of SMYS, air or inert gas may be used as the test medium.”*

SED reviewed SCG Gas Standard 182.0170, “Strength Testing – Pipelines and Facilities” and noted that the Gas Standard, procedure 182.0170 did not address the test requirements of the pipeline sections within 300 feet of building intended for human occupancy as mentioned in 49 CFR 192.505(a). SCG needs to revise its Gas Standard procedure to address all situations mentioned in 49 CFR 192.505(a)

Recommendations and Concerns Summary

- **49 CFR, Part 192.605 Procedural manual for operations, maintenance, and emergencies.**
 - (a) *“General. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.*
 - (b) *Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.*

(8) Periodically reviewing the work done by operator personnel to determine the effectiveness, and adequacy of the procedures used in normal operation and maintenance and modifying the procedures when deficiencies are found.”

SED reviewed the following SCG Gas Standards listed in this table:

Gas Standard #	Title
203.016	Leak Survey Self-Audit
223.0031	Abnormal Operations - Transmission
100.0152	Self-Audit Requirements – Gas Measurement (Distribution, Transmission & Storage)
184.0200	Underground Service Alert and Temporary Marking
203.005	Self-Audit Guidelines - Distribution
203.007	Patrolling of Supply Lines Self-Audit
203.008	Bridge, Span, Pier and Unstable Earth Self-Audit
203.017	Valve Inspections and Maintenance Self-Audit
183.0015	Field Service Emergency Plans
203.015	Cathodic Protection Self-Audit
167.0125	Self-audit Guidelines – Pipeline Integrity Program

These procedures address the compliance with 49 CFR Part 192.605(a) including employee evaluation. The 49 CFR Part 192.605(b) (8) is directed to procedures refinement and feedback from employees to determine the effectiveness and the adequacy of the procedures. To comply with the requirement, SCG may apply various techniques to determine the adequacy of its O&M procedures, some examples are:

- . Incentive programs to identify procedural improvement
- . Procedure suggestion block on maintenance forms
- . Tailgate meeting agenda item
- . Discussions during employee performance review
- . Ongoing management of change process
- . Near miss and accident investigation analysis

The above techniques must be documented, pointed out, and referenced in the Gas Standards to comply with 49 CFR Part 192.605(b)(8).

- SED reviewed SCG Gas Standard 223.0210 “Vault Maintenance and Inspection” and found that word “inspected” in the Gas Standard was not clearly identify the type of inspection to be performed especially when you have exposed piping within the vault. SED recommends that SCG revise its Gas Standard procedure to clarify the type of inspection(s) to be performed when conducting vault maintenance and inspection.
- SED reviewed SCG Gas Standards and found that in the summary page of the procedures SCG did not list the Subpart O - Gas Transmission Pipeline Integrity Management and Subpart P - Gas Distribution Pipeline Integrity Management code sections, and G.O. 58-A that impacted the Gas Standards. SED recommends that SCG include the Subpart O and Subpart P code sections, and G.O. 58-A specific sections in

the summary page of all impacted Gas Standards similar to how SCG references other Parts 191,192, and 193 code sections.

- SED reviewed SCG Gas Standards 193.06 “*Region Reports of Safety-Related Pipeline Conditions*”, 183.07 “*Pipeline Incident Reports to CPUC and PHMSA*”, and 183.08 “*Pipeline Safety Report to CPUC and DOT*” and found that these procedures did not include the address and the entity within the CPUC that oversee the compliance of G.O. 112-E. SED recommends that SCG includes contact information, email, address, and name of the entity within the CPUC that oversee SCG compliance with G.O. 112-E.
- SED reviewed SCG Standard 166.0015, “*Fire Prevention and Protection - Transmission and Storage*”, Section 1.3 and found that the procedure did not clearly address the flammable part of combustible materials as requires in the code language of 49 CFR Part 192.735(a). SED recommends that SCG changes the language in the Gas Standard to include flammable and combustible materials. In addition, the Gas Standard should include how SCG calculates or defines “a safe distance” to store the flammable and combustible materials away from compressor building.
- SED reviewed SCG Standard 183.0075, “*Off-Hour Management Coverage - Headquarters and Region Operations*”, Section 3.1 specifies “Region on-call” and found that the procedure did not include or mention the transmission operations being part of the on-call. SED recommends that SCG create a procedure that specifies the current on-call process for Transmission.
- SED reviewed SCG O&M Plan for compliance with 49 CFR Parts 191 and 192 and found that the O&M Plan did not address the scope of the O&M Plan that includes the minimum safety requirements for pipeline facilities and transportation of gas. SED recommends that SCG includes the scope of the O&M Plan at the beginning of the O&M Plan.
- SED reviewed SCG compliance with G.O. 58-A, Section 3(a) which requires each gas utility to keep on file with the Commission up-to-date maps of the general territory, which it holds itself in readiness to serve, outlining operating districts and showing major transmission lines. SED recommends that SCG includes the entity within the CPUC receiving such up-to-date maps.